

Office of Attorney General Terry Goddard



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FOR IMMEDIATE RELEASE

Terry Goddard Announces Settlement with Ashley Furniture Homestore

(Phoenix, Ariz. – Jan. 28, 2008) Attorney General Terry Goddard today announced a settlement with Southwestern Furniture of Wisconsin, LLC, doing business as Ashley Furniture Homestore, resolving consumer complaints of very late and/or defective deliveries and allegations of deceptive advertising.

The settlement requires Ashley Furniture Homestore to pay the Attorney General's Office \$400,000. The money will be used to pay for consumer fraud education, attorneys' fees and investigation costs. The settlement also requires Ashley Furniture Homestore to change its business practices with regard to advertising and delivery and cancellation of orders.

The settlement provides consumers with a right to cancel late orders and a right to a prompt repair or replacement of defective furniture. In addition, Ashley Furniture will pay restitution of \$2,000 to consumers who were charged a restocking fee, and the company will replace or provide refunds of up to \$8,000 to consumers who received defective furniture.

In 2004 and 2005, the Attorney General's Office received numerous complaints about furniture deliveries that were extremely late and/or the furniture delivered was defective. The complaint filed by the Attorney General alleged that Ashley Furniture used disclaimer language in its sales order slips along with a 30 percent restocking fee to prevent customers from canceling their orders even though the delivery had been delayed months after the estimated date. Additionally, the complaint alleged that the company failed to adequately disclose minimum purchase requirements to qualify for zero interest financing.

"This is a great result for Arizona consumers," Goddard said. "This settlement changes how Ashley Furniture Homestore does business in Arizona. Consumers now have a remedy for late and defectively delivered furniture, and Ashley Furniture Homestores will make better disclosures in its advertisements."

In 2005, after the initial contact by the Attorney General's Office, Ashley Furniture Homestore began taking corrective action to resolve the consumer complaints. The settlement, in the form of a consent judgment, does not constitute an admission of wrongdoing by Ashley Furniture Homestore. The settlement also includes several additional provisions:

- If an advertisement offers zero financing, it must include a statement that says a minimum purchase applies and print ads must clearly disclose the minimum purchase amount.

- At the time of purchase, Ashley Furniture Homestore will put estimated delivery times in writing, and store representatives cannot modify or make statements inconsistent with the written estimate.
- Ashley Furniture Homestore will not provide an estimated delivery date unless there is a reasonable basis for making that estimate.
- Ashley Furniture Homestore will not require consumers to accept delivery of any merchandise that is damaged or defective at the time of delivery unless the merchandise was sold “as is” and is designated “as is” on the sales invoice.
- Ashley Furniture Homestore will provide a written cancellation and refund policy to customers. This policy will allow consumers to cancel an order and request a refund within 30 days if the company fails to deliver furniture after 30 days of the written estimated delivery date.
- Ashley Furniture Homestore will provide a written policy regarding damaged or defective furniture. The policy will require consumers to notify Ashley Furniture within three days after delivery that the furniture was damaged. The company then has 30 days to either replace or repair the merchandise. If Ashley Furniture cannot replace or repair the merchandise, then the company will offer the customer a full refund.

Assistant Attorney General Robert Zumoff handled this case.

If you believe you have been a victim of fraud, please contact the Attorney General's Office in Phoenix at 602.542.5763, in Tucson at 520.628.6504 or outside the Phoenix and Tucson metro areas at 1.800.352.8431. To file a complaint in person, the Attorney General's Office has 36 satellite offices throughout Arizona with volunteers available to help. Locations and hours are posted on the Attorney General's Web site at www.azag.gov. An online complaint form is also posted on the Attorney General's Web site.

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